



Office of the Comptroller

August 17, 2009

W. Martin Morics, C.F.A.
Comptroller

Michael J. Daum
Deputy Comptroller

John M. Egan, C.F.A.
Special Deputy Comptroller

Craig D. Kantenholz
Special Deputy Comptroller

Members, Senate Committee on Labor,
Elections and Urban Affairs
Senator Spencer Coggs, Chair
PO Box 7882
Madison, WI 53707-7882

Dear Senators,

I would like to thank you for holding this hearing and ask for your support of Assembly Bill 33 (AB 33), which would streamline the administration of the Public Debt Amortization Fund (PDAF). AB 33 would have no impact on the amount the City may withdraw from the fund. AB 33 had unanimous support in the Wisconsin State Assembly.

The PDAF was established by State Statutes in the early 1900's to assist the City in the management of its outstanding General Obligation debt. The original intent was to accumulate funds, and when the fund became large enough, to payoff all City debt. The PDAF is currently used as a tool to assist in the ongoing management of the tax levy for City debt by City Debt prepayment through targeted annual PDAF withdrawals.

Section 67.101(7) specifies the annual report on the PDAF is to be delivered on or about January 15th of each year. The information is contained within the Comprehensive Annual Financial Report (CAFR) of the City, which is not typically available until the middle of the year. We would like to change the date to September 30th in order to better match the availability of the CAFR.

Section 67.101(11)(a)1 permits the PDAF to purchase City bonds. The context implies securities of the City, but we would like it clarified to be: "City bonds, notes, and other securities", which is similar to the wording in 67.101(11)(a)3.

Section 67.101(13) permits the PDAF to "acquire for cancellation" debt of the City. The process is used each year to reduce the City's levy for Debt Service. Debt acquired and cancelled by the PDAF is less debt service that is paid by tax levy. The current acquisition process is cumbersome. The proposed changes would provide a more direct method to access the PDAF to reduce the debt service levy without increasing the City's ability to draw down the PDAF.

The PDAF is an important asset of the City to assist in the management of the City's finances, and in today's challenging credit market conditions, even more so. Your support of AB 33 would help the City more efficiently manage its finances during these difficult times. If you have any questions, please feel welcome to contact me.

Very truly yours,

W. MARTIN MORICS
Comptroller

WMM:RSL

Cc: Jennifer Gonda, Grant Langley, Thomas Gartner

REF: PD-7557W.DOC